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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10 - Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 **Commission file number** 0 - 13818

BANPONCE CORPORATION
(Exact name of registrant as specified in its charter)

Puerto Rico	66-0416582
(State of incorporation)	(I.R.S. Employer Identification No.)

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Popular Center Building
209 Munoz Rivera avenue, Hato Rey
San Juan, Puerto Rico, 00918
(Address of principal executive offices)
(Zip Code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code (809) 765-9800

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

BEST COPY AVAILABLE

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock, $6.00 Par value	30,130,144
(Title of Class)	(Shares Outstanding as of March 31, 1992)

BANPONCE CORPORATION
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BanPonce Corporation
Consolidated Statements of Condition
(Unaudited)

(Thousands of dollars)	March 31, 1992	December 31, 1991
ASSETS		
Cash and due from banks	$305,013	$311,384
Money market investments:		
Federal funds sold and securities and mortgages purchased under agreements to resell	64,713	139,530
Time deposits with other banks	350,100	340,100
Bankers' acceptances	1,763	1,703
	416,576	481,333
Investment securities at cost, market value $2,824,927 (1991 - $2,431,302) Notes 2 and 3		
U.S. Treasury securities	2,177,744	1,655,985
Obligations of other U.S. Government agencies and corporations	214,839	229,289
Obligations of P.R., States and political subdivisions	218,976	187,720
Other	275,724	281,035
	2,887,083	2,354,009
Trading account securities, at market	5,389	1,657
Loans (Note 3)	5,546,083	5,575,976
Less-Unearned income	368,481	380,419
Allowance for loan losses	100,897	94,199
	5,078,705	5,101,358
Premises and equipment	254,598	253,054
Other real estate	6,321	7,012
Customers' liabilities on acceptances	1,006	1,691
Accrued income receivable	85,767	59,027
Other assets	84,342	71,026
Intangible assets	134,806	138,731
	$9,241,304	$8,780,282
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing	$1,396,446	$1,499,332
Interest bearing	5,811,088	5,707,766
	7,207,534	7,207,118
Federal funds purchased and securities sold under agreements to repurchase (Note 3)	920,272	449,114
Other short term borrowings	152,588	143,724
Notes payable	73,780	73,752
Senior debentures	30,000	30,000
Acceptances outstanding	1,006	1,691
Other liabilities	104,657	138,065
	8,489,835	8,043,464
Subordinated notes (Note 5)	94,000	94,000
Preferred stock of subsidiary Bank (Note 6)	11,000	11,000
Stockholders' equity (Note 7)		
Common stock	180,781	180,563
Surplus	287,974	287,539
Retained earnings	124,285	110,287
Capital reserves	53,429	53,429
	646,469	631,818
	$9,241,304	$8,780,282

See accompanying notes to unaudited consolidated financial statements

BanPonce Corporation
Consolidated Statements of Income
(Unaudited)

(Thousands of dollars except per share amounts)	Quarter ended March 31, 1992	1991
INTEREST INCOME:		
Loans	$129,905	$148,906
Money market investments	6,503	16,687
Investment securities	45,103	38,442
Trading account securities	64	175
	181,575	204,210
INTEREST EXPENSE:		
Deposits	64,976	89,046
Short-term borrowings	8,383	12,481
Long-term debt	3,516	2,982
	76,875	104,509
Net interest income	104,700	99,701
Provision for loan losses	24,020	19,783
Net interest income after provision for loan losses	80,680	79,918
Service charges on deposit accounts	15,989	12,021
Other service fees	9,873	8,755
Gain (loss) on sale of securities	210	246
Trading account profit (loss)	87	190
Other operating income	4,185	3,603
	111,024	104,733
OPERATING EXPENSES:		
Personnel costs:		
Salaries	32,925	33,234
Profit sharing	4,161	3,401
Pension and other benefits	9,319	9,134
	46,405	45,769
Net occupancy expense	5,804	5,718
Equipment expenses	5,539	5,743
Other taxes	3,327	3,842
Professional fees	4,772	4,771
Communications	4,183	4,132
Business promotion	2,056	2,259
Printing and supplies	1,775	1,684
Other operating expenses	9,149	7,709
Amortization of intangibles	3,531	3,036
	86,521	84,663
Income before tax and dividends on preferred stock of subsidiary Bank	24,503	20,070
Income tax (Note 8)	4,286	2,169
Income before dividends on preferred stock of subsidiary Bank	20,217	17,901
Dividends on preferred stock of subsidiary Bank	193	226
NET INCOME	$20,024	$17,675
Earnings per share (Note 9)	$0.66	$0.59

See accompanying notes to unaudited consolidated financial statements

BanPonce Corporation
Consolidated Statements of Cash Flows
(Unaudited)

(Thousands of dollars)	For the quarter ended March 31, 1992	1991
Cash flows from operating activities:		
Net income	$20,024	$17,675
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization of premises and equipment	6,705	5,887
Provision for loan losses	24,020	19,783
Amortization of intangibles	3,531	3,036
Gain on sale of investment securities and other	(210)	(246)
Gain on sale of premises and equipment	(888)	(31)
Amortization of premiums and accretion of discounts on investments	133	(101)
Amortization of deferred loan fees and costs	257	161
Net increase in trading securities	(3,732)	(5,558)
Net increase in interest receivable	(6,740)	(19,768)
Net increase in other assets	(11,492)	(13,956)
Net (decrease)increase in interest payable	(5,407)	4,422
Net increase in income tax payable	3,731	1,432
Net decrease in other liabilities	(32,423)	(16,219)
Total adjustments	(22,313)	(21,358)
Net cash used in operating activities	(2,289)	(3,683)
Cash flows from investing activities:		
Net decrease in money market investments	64,758	97,432
Maturities of investment securities	1,160,788	834,591
Sales of investment securities	5,144	288,317
Purchases of investment securities	(1,698,930)	(1,400,833)
Net (disbursements) receipts on loans	(3,379)	49,104
Acquisition of premises and equipment	(14,385)	(25,307)
Proceeds from sale of premises and equipment	6,824	10,341
Net cash used in investing activities	(479,180)	(146,355)
Cash flows from financing activities:		
Net increase (decrease) in deposits	417	(316,429)
Net increase in federal funds purchased and securities sold under agreements to repurchase	471,158	388,658
Net increase in other short-term borrowings	8,862	34,250
Proceeds from issuance of notes payables	27	0
Payments of notes payable	0	(1,080)
Dividends paid	(6,019)	(4,026)
Proceeds from issuance of common stock	653	469
Disbursement for cash portion of merger		(121,299)
Net cash provided by (used in) financing activities	475,098	(19,457)
Net decrease in cash and due from banks	(6,371)	(169,495)
Cash and due from banks at beginning of period	311,384	347,619
Cash and due from banks at end of period	$305,013	$176,124

See accompanying notes to unaudited consolidated financial statements.

Notes to Consolidated Financial Statements
(Dollars in thousands, except per share information)

Note 1- Consolidation

The consolidated financial statements of BanPonce Corporation include the balance sheet of the Corporation and its wholly-owned subsidiaries, Velco, Metropolitana de Préstamos, Inc., Puerto Rico Parking Corp., BanPonce Financial Corp. and its wholly-owned subsidiary Spring Financial Services, Inc. and Banco Popular de Puerto Rico and its wholly-owned subsidiaries, Popular Leasing and Rental, Inc. and Popular Consumer Services, Inc., as of March 31, 1992 and December 31, 1991, and their related statements of income and cash flows for the quarters ended March 31, 1992 and 1991. These statements are, in the opinion of management, a fair statement of the results of the periods presented. These results are unaudited, but include all necessary adjustments for a fair presentation of such results.

Note 2- Investment Securities

The maturities and market value for the following investment securities as of March 31, 1992 are :

	Book Value	Market Value
U.S. Treasury (average maturity of 1 year 9.3 months)	$2,177,744	$2,202,840
Obligations of other U.S. Government agencies and corporations (average maturity of 7.0 months)	214,639	218,345
Obligations of Puerto Rico, States and political subdivisions (average maturity of 5 years 5.8 months)	218,976	223,996
Others (average maturity 19 years 6.4 months)	275,724	279,746
	$2,887,083	$2,924,927

Note 3- Pledged Assets

Securities and insured mortgage loans of the Corporation of $1,723,761 (1991- $1,383,946) are pledged to secure public and trust deposits and securities and mortgages sold under repurchase agreements.

Note 4- Commitments

In the normal course of business there are letters of credit outstanding and stand-by letters of credit which at March 31, 1992 amounted to $19,409 and $62,158, respectively. There are also outstanding other commitments and contingent liabilities, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. No losses are anticipated as a result of these transactions.

Note 5- Subordinated Notes

Subordinated notes consist of the following:

10.00% Fixed Rate Notes, due in 1993	$20,000
7.95% Fixed Rate Notes, due in 1994	12,000
8.50% Fixed Rate Notes, due in 1996	12,000
8.875% Fixed Rate Notes series A, due in 1996	15,000
8.6875% Fixed Rate Notes series B, due in 1996	15,000
Floating Rate Notes series A with interest payable at 86% of LIBID rate, due in 1996	19,000
Floating Rate Notes series B with interest payable at 86% of LIBID rate, due in 1996	1,000
	$94,000

Note 6- Preferred Stock of Subsidiary Bank

As of March 31, 1992, the subsidiary Bank has 200,000 shares of authorized preferred stock with a par value of $100, of which 110,000 are issued and outstanding.

Note 7- Stockholders' Equity

Authorized common stock is 90,000,000 shares with a par value of $6 per share of which 30,130,144 are issued and outstanding at March 31, 1992.

Note 8- Income tax

The income tax expense includes a tax provision of $46 and $54 in 1992 and 1991, respectively, related with the gains on sale of securities.

Note 9- Earnings per Share Basis

Earnings per share are based on 30,130,144 average shares outstanding during 1992 and 29,976,472 during 1991.

Note 10- Supplemental Disclosure on the Consolidated Statements of Cash Flows

During the quarter ended March 31, 1992 and 1991 the Corporation paid interest amounting to $82,624 and $98,958, respectively. In addition, the loans receivable transferred to other real estate and other property as of March 31, 1992, amounted to $250 and $1,505, respectively (1991 - $260 and $3,140).

FINANCIAL REVIEW

This financial review contains an analysis of the performance of BanPonce Corporation (the Corporation) and its subsidiaries, Banco Popular de Puerto Rico (the subsidiary Bank), including its wholly-owned subsidiaries Popular Leasing and Rental, Inc. and Popular Consumer Services, Inc., Vehicle Equipment Leasing Company, Inc. (VELCO), BanPonce Financial Corp. and its wholly-owned subsidiary Spring Financial Services, Inc. (Spring), Metropolitana de Préstamos, Inc. and Puerto Rico Parking Corporation. Spring, a consumer finance company, was acquired by BanPonce Financial Corp. on September 30, 1991. Prior to the acquisition of Spring, BanPonce Financial Corp. had no business activity. This financial review should be read in conjunction with the accompanying tables.

NET INCOME

Net income for the Corporation during the first three months of 1992 amounted to $20.0 million, compared with $17.7 million reported for the same period last year. Earnings per share amounted to $0.66, based on 30,130,144 average shares outstanding during the first quarter of 1992. For the same quarter of 1991 earnings per share were $0.59, based on 29,976,472 average shares then outstanding. Net income for the second, third and fourth quarter of 1991 was $10.0 million, $17.1 million and $19.9 million, respectively.

For the three-month period ended March 31, 1992, return on assets and return on equity were 0.88% and 12.60%, respectively, compared with 0.81% and 12.04% reported for the same period in 1991. For the year ended December 31, 1991 these ratios were 0.72% and 10.57%, respectively.

NET INTEREST INCOME

Net interest income for the first quarter of 1992 rose to $104.7 million as compared with $99.7 million for the same period in 1991. This increase was achieved mainly through an increase of $203 million in the average balance of earning assets, particularly investment securities, and an increase of 12 basis points in the net interest yield principally due to the reduction in the average cost of funds for the quarter.

On a taxable equivalent basis, net interest income increased to $125.2 million for the three-month period ended March 31, 1992 from $116.8 million for the same period in 1991, a positive fluctuation of $8.4 million. This increase resulted from a variance of $6.6 million due to volume and $1.8 million due to yields. For analytical purposes, the interest earned on tax exempt assets is adjusted to a "taxable equivalent" basis assuming an income tax rate of 42% for both 1992 and 1991.

NET INTEREST INCOME

Taxable Equivalent Basis

(In Millions)	First Quarter 1992 Average Balance	1992 Average Rate	1991 Average Balance	1991 Average Rate
Earning assets	$8,397	9.62%	$8,194	10.80%
Financed by:				
Interest bearing funds	$6,967	4.41%	$6,809	6.14%
Non-interest bearing funds	1,430		1,385	
Total	$8,397	3.66%	$8,194	5.10%
Net interest income per books	$104.7		$ 99.7	
Taxable equivalent adjustment	20.5		17.1	
Net interest income on a taxable equivalent basis	$125.2		$116.8	
Spread		5.21%		4.66%
Net interest yield		5.96%		5.70%

The average yield on earning assets, on a taxable equivalent basis, decreased 118 basis points, to 9.62% during the first quarter of 1992 from 10.80% for the same period in 1991, while the average cost of funds decreased 144 basis points, averaging 3.66% for the first quarter of 1992, as compared with 5.10% for the same quarter a year ago. As a result, the net interest yield on a taxable equivalent basis increased to 5.96% from 5.70% a year before. This increase was mainly caused by a shift of funds from money market investments toward investment securities that provided a higher nominal and after-tax yield and the reduction in the cost of funds, as a result of the drop in interest rates at the end of 1991 and the revisions made to the pricing of various deposit products due to the prevailing interest rate environment.

PROVISION AND ALLOWANCE FOR LOAN LOSSES

The provision for loan losses amounted to $24.0 million for the first quarter of 1992, as compared with $19.8 million for the first quarter of 1991. During the second, third and fourth quarter of 1991 the provision amounted to $37.9 million, $33.8 million and $30.2 million, respectively. Net charge-offs for the quarter ended March 31, 1992 amounted to $17.3 million, or 1.34% of average loans, compared with net charge-offs of $32.2 million or 2.43% of average loans for the first quarter of 1991. For the second, third and fourth quarter of 1991 net charge-offs amounted to $25.2 million, $40.1 million and $20.9 million, respectively. The composition of net charge-offs was as follows:

	Quarter Ended		
	March 31, 1992	March 31, 1991	December 31, 1991
	(In millions)		
Consumer	$12.7	$23.6	$12.8
Commercial	4.7	6.9	6.1
Construction	-	1.1	-
Lease Financing	(0.1)	0.6	2.0
	$17.3	$32.2	$20.9

Over the last two quarters we have seen a reduction in consumer delinquencies and, therefore, consumer loans charge-offs have declined significantly. This is a direct reflection of the steps taken during 1991 to improve the consumer credit underwriting and collection process. We expect the current level of consumer charge-offs to continue and probably decline further toward the end of the year. On the commercial side, charge-offs have remained at levels similar to those of 1991 with non-performing loans increasing slightly. Improvement is, to some extent, dependent on the local economic conditions, which so far, have not changed significantly.

As a result of the above, the allowance for loan losses as of March 31, 1992 increased to $100.9 million or 1.95% of total loans, compared with $77.5 million or 1.47% of total loans as of March 31, 1991, and $94.2 million or 1.81% as of December 31, 1991. Given the uncertainty in the current economy, especially in the commercial sector, the Corporation has taken the position to continue strengthening the reserve levels, leading to the $6.7 million increase in the allowance.

CREDIT QUALITY

The Corporation's policy is to place commercial loans on non-accrual status if payments of principal or interest are delinquent 60 days. Lease financing, conventional mortgage and close-end consumer loans are placed on non-accrual status if payments are delinquent 90 days. Close-end consumer loans are charged-off against the allowance when delinquent 120 days. Open-end (revolving credit) consumer loans are charged-off if payments are delinquent 180 days. Further, certain loans, which would be treated as non-accrual loans pursuant to the foregoing policies are treated as accruing loans if they are considered well secured and in the process of collection.

Non-performing assets, which consist of non-accrual loans, renegotiated loans and other real estate, amounted to $142.3 million or 2.75% of total loans as of March 31, 1992, compared with $129.2 million or 2.44% of total loans as of the same date last year. Most of the increase was in the commercial and leasing portfolios which increased $13.8 million and $8.0 million, respectively, partially offset by a decrease of $11.0 million in the consumer portfolio. Non-performing assets for the second, third and fourth quarter of 1991 were $139.3 million, $163.4 million and $138.3 million, respectively, representing 2.62%, 3.07% and 2.62% of total loans.

Assuming standard industry practice of placing commercial loans on non-accrual status when payments are past due 90 days or more, and excluding past due consumer loans from non-accruing loans, non-performing assets as of March 31, 1992 amounted to $106.9 million or 2.06% of total loans. The allowance for loan losses as a percent of adjusted non-performing assets was 94.4% as of March 31, 1992. These ratios compare with 1.83% and 98.9%, respectively, as of December 31, 1991.

Accruing loans which are contractually past due 90 days or more as to principal or interest amounted to $29.4 million as of the end of this quarter as compared with $32.7 million as of the end of the previous quarter. Renegotiated loans at March 31, 1992 amounted to $2.9 million, of which $2.4 million are in non-accrual status. All renegotiated loans are classified as non-performing assets.

FEES AND OTHER INCOME

Fees and other income, excluding securities and trading gains, rose to $30.0 million for the quarter ended March 31, 1992 from $24.4 million for the same period in 1991, an increase of $5.6 million. Most of this increase was in service charges on deposit accounts which grew to $16.0 million for the three-month period ended March 31, 1992 from $12.0 million reported for the same period in 1991, an increase of $4.0 million or 33%. One of the major factors for this rise was the increase in service charges on returned checks effective in July 1991. Also, an increase in volume and the pricing revisions made to various liability products during the quarter led to increases in service charges in checking accounts.

Other service fees increased by $1.1 million mostly in credit cards, mortgage servicing, and fiduciary activities, due to increases in volume. For the first quarter of 1992, these revenues also include $0.3 million in fees realized by Spring. Other operating income increased $0.6 million, basically due to increases in the revenues from operational leases and gains on the sales of daily rental units realized by the leasing subsidiaries.

During the first quarter of 1992 the Corporation realized gains on securities and trading transactions amounting to $0.3 million as compared with $0.4 million for the same period last year.

OPERATING EXPENSES

Operating expenses of the Corporation increased $1.9 million or 2.2%, amounting to $86.5 million for the first three months of 1992. Of this amount $1.3 million corresponds to the operating expenses of Spring, which did not become a subsidiary of the Corporation until September 30, 1991. Excluding Spring's expenses, the increase in operating expenses was only 0.6%.

Personnel costs for the three-month period ended March 31, 1992 amounted to $46.4 million as compared with $45.8 million for the same period in 1991. This fluctuation resulted mainly from the inclusion of $0.7 million in personnel costs of Spring and the rise of $0.8 million in the profit sharing expense of the subsidiary Bank due to the improvement in its profitability ratios. Salary expense decreased $0.3 million, from $33.2 million to $32.9 million. Excluding Spring's salary expense, the reduction in salaries was $0.9 million or 2.7%.

All other operating expenses increased $1.2 million or 3.1% from $38.9 million for the first quarter of 1991 to $40.1 million for the same period in 1992. Spring's other operating expenses accounted for $0.6 million of this increase. Major fluctuations in other operating expenses were in sundry losses, which increased by $1.0 million, FDIC insurance cost, which increased $0.4 million due to the higher assessment rate effective in July 1991, and amortization of intangibles that increased $0.5 million due to the intangibles recognized on Spring's acquisition and the additional intangibles recognized at year-end upon completion of the analysis of the fair value of the net assets acquired through the merger.

The increase of $2.1 million in the income tax expense relates to the higher operational income, the tax loss realized in the first quarter of 1991 on the sale of the LDC loans acquired through the merger, and the decrease of $14.9 million in net charge-offs during the first three months of 1992.

BALANCE SHEET COMMENTS

Total assets as of March 31, 1992 reached $9,241 million as compared with $8,971 million as of the same date last year. Average total assets amounted to $9,138 million for the quarter, or $238 million over the $8,900 million reported for the same quarter last year. Average earnings assets increased $203 million to $8,397 million, from $8,194 million for the first quarter of 1991.

Average money market, investment and trading securities increased $347 million to $3,237 million for the quarter ended March 31, 1992, while average total loans decreased $144 million to $5,160 million. Most of the decrease in the loan portfolio was in consumer loans which declined 6.9% or $151 million, on average, mainly due to tighter credit standards, the low yield in new personal loans resulting from the interest rate formula applicable in Puerto Rico until the middle of this quarter and a lower demand, partially offset by the increase of $65 million in consumer loans through the acquisition of Spring. The average commercial loan portfolio also decreased $65 million, as compared with the first quarter of 1991, due to the transfer of $22 million through the sale of the three branches on July 1991 to comply with the requirements of the Federal Reserve Board for the approval of the merger, and the sale of $69 million in leases by one of the leasing subsidiaries through a Grantor's Trust during the last quarter of 1991. Partially offsetting these decreases were increases in the average construction and mortgage portfolios of $17 million and $55 million, respectively.

Average interest bearing deposits for the quarter remained steady at $5,914 million, compared with $5,926 million for the same quarter last year, However, there was a change in the mix of deposits with savings and NOW accounts increasing $408 million and certificates of deposit decreasing $420 million. Average non-interest bearing deposits increased $35 million to $1,416 million for the quarter ended on March 31, 1992. During the quarter federal funds purchased and securities sold under agreement to repurchase increased $471 million as a result of assets and liabilities management funding and investment activities. Other interest bearing liabilities for the quarter, on average, were $169 million higher than last year, reaching $1,052 million. The latter increased mostly due to the issuance of $95 million in medium-term notes to finance the acquisition and operations of Spring.

Stockholders' equity at March 31, 1992 amounted to $646 million, compared with $601 million as of March 31, 1991. Most of the increase was obtained through earnings retention. Book value per share increased to $21.46 as of March 31, 1992, compared with $20.05 as of the same date last year. The dividend payout ratio for the quarter was 30.06%. The Corporation's Tier I, total capital and leverage ratios at March 31, 1992 were 11.44%, 13.80% and 6.75%, respectively. These ratios have been calculated giving effect to the full implementation of the 1992 guidelines and are well in excess of the regulatory minimums of 4%, 8% and 3%, respectively.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description Exhibit	Reference
28	Quarterly Report to shareholders for period ending March 31, 1992	Exhibit "A"

(b) No report on Form 8-k was filed for the three months ended March 31, 1992

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be filed on its behalf by the undersigned thereunto duly authorized.

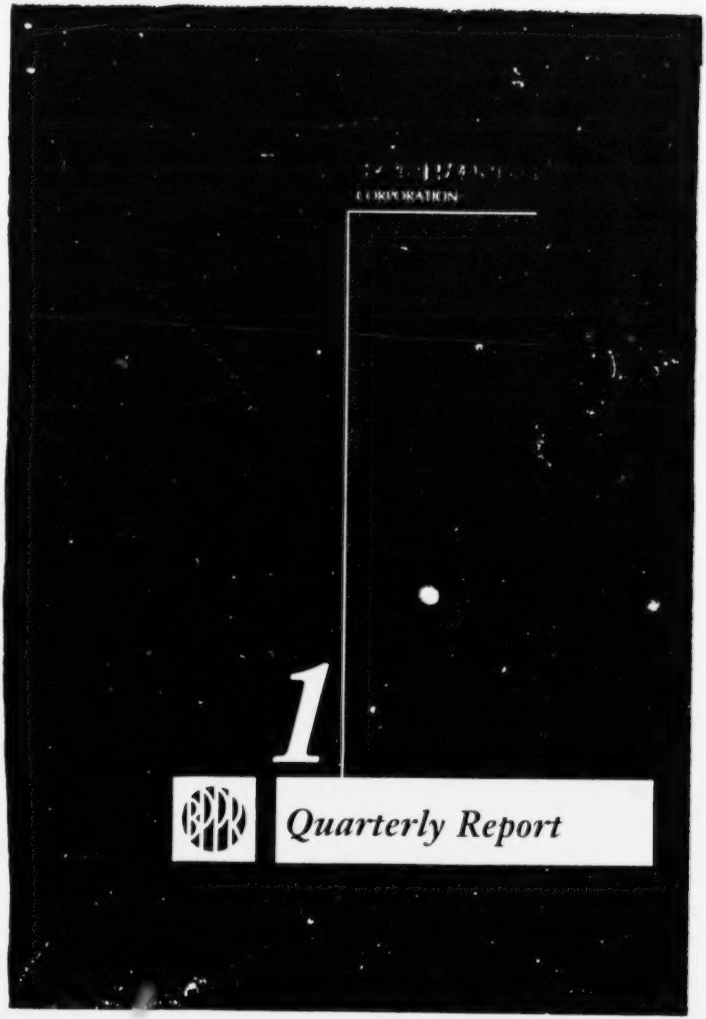
BanPonce Corporation
(Registrant)

Date: 5/17/92

By: _____
Jorge A. Junquera
Executive Vice President

Date: 5/18/92

By: _____
Orlando Berges
Senior Vice president
& Comptroller


CORPORATION
1
Quarterly Report

Financial Highlights

(Dollars in thousands, except per share information)

March 31,	1992	1991
Quarter ended		
Net Interest Income	$104,700	$99,701
Provision for Loan Losses	24,020	19,783
Net Income	20,024	17,675
Per Common Share	0.98	0.59
Return on Assets	0.86%	0.81%
Return on Stockholders' Equity	12.90%	12.04%
At March 31,		
Total Assets	$9,241,304	$8,971,476
Total Deposits	7,207,534	7,106,282
Loans	5,179,902	5,295,064
Stockholders' Equity	646,489	601,033
Book Value Per Share	21.46	20.05

To Our Stockholders

BanPonce Corporation's results for the first quarter of 1992 are very encouraging. Net income reached $20.0 million, return on average assets (ROA) 0.88% and return on average equity (ROE) 12.90%. This compares with a net income of $17.7 million in the first quarter of 1991 and an ROA and ROE of 0.81% and 12.04%, respectively.

Of particular significance was the increase of $5.0 million in net interest income despite the low interest rate environment that has prevailed; the increase of $5.6 million or 23% in fees and other income; a fairly stable operating expenses that grew only 2.2% despite the inclusion of the operating expenses of the recently acquired finance subsidiary, Spring Financial, the increase in FDIC costs and the growth in the profit sharing expense due to the improvement in profitability ratios; and the reduction in net charge-offs to 1.34% of loans from 2.23% for the year 1991. The allowance for loan losses has also increased, reaching $100.9 million or 1.95% of total loans, as compared with $94.2 million or 1.81% of loans as of December 31, 1991, strengthening furthermore the Corporation's position.

On the other hand, non-performing assets increased slightly from $136.3 million as of December 31, 1991, to $142.3 million as of March 31, 1992. The increase was basically in commercial loans and lease financing. As a percentage of loans, non-performing assets represented 2.62% as of December 31, 1991, and 2.75% as of March 31, 1992. These figures remain in line with the top performers of our peer group. When adjusted to exclude commercial loans less than 90 days past due and consumer installment loans on non-accrual, in order to conform to standard industry practice, non-performing assets amounted to $106.9 million or 2.06% of total loans.

Our capital position continues to be strong with a total capital of $648 million, for an equity to assets ratio of 6.98% as of March 31, 1992, compared with 6.69% for the first quarter of 1991 and 6.83% for the year 1991. Our Tier I and total capital ratios to risk-adjusted assets as of March 31, 1992 were 11.44% and 13.80%, respectively, and the leverage ratio grew to 6.75%. Our stock performed extremely well during the quarter, increasing its market value from $19.25 as of December 31, 1991, to $24.00 as of March 31, 1992. Book value per share also grew from $21.00 at the end of 1991 to $21.46 as of March 31, 1992.

We are starting to realize the benefits of our recent merger. Emphasis is being maintained in executing our business plans and completing the streamline of our operations. We are confident that if the economy continues its slow recovery, the Corporation's results should maintain this positive trend.

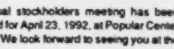
Please refer to the financial review section of this quarterly report for a more detailed discussion of the Corporation's financial performance and results of operations.

During this quarter, Puerto Rico regulatory authorities liberalized the maximum interest rates that could be charged on personal and small business loans on the island. Previously, rates could not exceed 130% of the average prime rate for the most recent three months. Rates will now be determined by market forces. Regulatory authorities have indicated that they will review the effect of these changes in a four-month period.

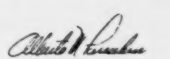
We continue our efforts of providing more convenience and improved services to our customers. At the beginning of April we launched our point-of-sale (POS) service project with the installation of the system at two Pueblo Supermarket sites. This project will be expanded shortly and will enhance our dominant position in the retail market.

During March you were mailed the 1991 annual report, including the Corporation's audited financial statements together with management's discussion and analysis of the results of operations.

The annual stockholders meeting has been scheduled for April 23, 1992, at Popular Center Building. We look forward to seeing you at the meeting.



Alberto M. Paracchini
Chairman of the Board



Richard L. Carrión
President

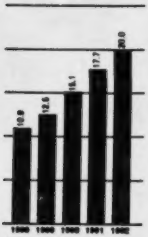
Financial Review

Balance Sheet Highlights (In thousands)		At March 31,			Average for the quarter		
		1992	1991	Change	1992	1991	Change
	Money market investments	$ 418,576	$ 837,912	($421,336)	$ 907,912	$ 914,063	($306,151)
	Investment and trading securities	2,892,472	2,201,849	690,623	2,829,580	1,976,039	853,541
	Loans	5,179,802	5,285,084	(105,482)	5,159,803	5,303,825	(144,022)
	All other assets	752,554	646,951	106,003	740,958	705,709	35,249
	Total assets	9,241,304	8,971,476	269,828	9,138,253	8,899,636	238,617
	Non-interest bearing liabilities	1,502,109	1,377,911	124,198	1,321,314	1,483,984	37,330
	Interest bearing liabilities	7,091,726	6,981,532	100,194	6,965,561	6,809,367	157,194
	Preferred stock of subsidiary Bank	11,000	11,000		11,000	11,000	
	Stockholders' equity	648,469	601,033	45,436	639,178	595,285	43,893

Operating Highlights (In thousands)		First Quarter		
		1992	1991	Change
	Net interest income	$104,700	$99,701	$4,999
	Provision for loan losses	24,020	19,783	4,237
	Fees and other income	30,344	24,815	5,529
	Operating expenses	91,000	87,058	3,942
	Net income	$ 20,024	$17,675	$2,349

Selected Statistical Information		First Quarter	
		1992	1991
Profitability Ratios -	Return on assets	0.83%	0.81%
	Return on earning assets	0.98	0.87
	Return on equity	12.60	12.04
	Net interest spread (taxable equivalent)	5.21	4.66
	Net interest yield (taxable equivalent)	5.98	5.70
	Tax rate	17.49	10.81
	Overhead ratio	53.65	60.03
Capitalization Ratios -	Equity to assets	6.99%	6.69%
	Tangible equity to assets	5.58	5.28
	Equity to loans	12.39	11.22
	Internal capital generation	8.76	7.85
	Tier I capital to risk-adjusted assets	11.44	10.38
	Total capital to risk-adjusted assets	13.80	13.15
	Leverage ratio	6.75	6.54
Asset Quality Ratios -	Net charge-offs to loans	1.34%	2.43%
	Provision to net charge-offs	1.39x	0.81x
	Net charge-offs earnings coverage	2.80	1.24
	Allowance for losses to loans	1.93%	1.47%
	Allowance to non-performing assets	76.92	60.02
	Non-performing assets to loans	2.75	2.44
	Non-performing assets to total assets	1.54	1.44
Common Stock Data -	Market price		
	High	$25.50	$17.75
	Low	18.75	14.75
	Book value at period end	21.46	20.05
	Dividends declared	0.20	0.20
	Dividend payout ratio	30.06%	22.78%

Financial Review



This financial review contains an analysis of the performance of BanPonce Corporation (the Corporation) and its subsidiaries, Banco Popular de Puerto Rico (the subsidiary Bank), including its wholly-owned subsidiaries Popular Leasing and Rental, Inc. and Popular Consumer Services, Inc., Vehicle Equipment Leasing Company, Inc. (VELCO), BanPonce Financial Corp. and its wholly-owned subsidiary Spring Financial Services, Inc. (Spring), Metropolitana de Préstamos, Inc. and Puerto Rico Parking Corporation. Spring, a consumer finance company, was acquired by BanPonce Financial Corp. on September 30, 1991. Prior to the acquisition of Spring, BanPonce Financial Corporation had no business activity.

This Financial Review should be read in conjunction with the accompanying tables and graphs.

Net Income

Net income for the Corporation during the first three months of 1992 amounted to $20.0 million, compared with $17.7 million reported for the same period last year. Earnings per share amounted to $0.66, based on 30,130,144 average shares outstanding during the first quarter of 1992. For the same quarter of 1991 earnings per share were $0.59, based on 29,976,472 average shares then outstanding. Net income for the second, third and fourth quarter of 1991 was $10.0 million, $17.1 million and $19.9 million, respectively.

For the three-month period ended March 31, 1992, return on assets and return on equity were 0.88% and 12.60%, respectively, compared with 0.81% and 12.04% reported for the same period in 1991. For the year ended December 31, 1991 these ratios were 0.72% and 10.57%, respectively.

Net Interest Income

Net interest income for the first quarter of 1992 rose to $104.7 million as compared with $99.7 million for the same period in 1991. This increase was achieved mainly through an increase of $203 million in the average balance of earning assets, particularly investment securities, and an increase of 12 basis points in the net interest yield principally due to the reduction in the average cost of funds for the quarter.

On a taxable equivalent basis, net interest income increased to $125.2 million for the three-month period ended March 31, 1992 from $116.8 million for the same period in 1991, a positive fluctuation of $8.4 million. This increase resulted from a variance of $6.6 million due to volume and $1.8 million due to yields. For analytical purposes, the interest earned on tax exempt assets is adjusted to a "taxable equivalent" basis assuming an income tax rate of 42% for both 1992 and 1991.

Net Interest Income
Taxable Equivalent Basis

	First Quarter			
	1992 Average		1991 Average	
(In Millions)	Balance	Rate	Balance	Rate
Earning assets	$ 8,387	9.62%	$ 8,184	10.80%
Financed by interest bearing funds	$ 6,987	4.41%	$ 6,809	5.14%
Non-interest bearing funds	1,400		1,395	
Total	$ 8,387	3.66%	$ 8,184	5.10%
Net interest income per books	$ 104.7		$ 99.7	
Taxable equivalent adjustment	20.5		17.1	
Net interest income on a taxable equivalent basis	$ 125.2		$ 116.8	
Spread		5.21%		4.66%
Net interest yield		5.96%		5.70%

The average yield on earning assets, on a taxable equivalent basis, decreased 118 basis points, to 9.62% during the first quarter of 1992 from 10.80% for the same period in 1991, while the average cost of funds decreased 144 basis points, averaging 3.66% for the first quarter of 1992, as compared with 5.10% for the same quarter a year ago. As a result, the net interest yield on a taxable equivalent basis increased to 5.96% from 5.70% a year before. This increase was mainly caused by a shift of funds from money market investments toward investment securities that provided a higher nominal and after-tax yield and the reduction in the cost of funds, as a result of the drop in interest rates at the end of 1991 and the revisions made to the pricing of various deposit products due to the prevailing

interest rate environment.

Provision and Allowance for Loan Losses

The provision for loan losses amounted to $24.0 million for the first quarter of 1992, as compared with $19.8 million for the first quarter of 1991. During the second, third and fourth quarter of 1991 the provision amounted to $37.9 million, $33.8 million and $30.2 million, respectively. Net charge-offs for the quarter ended March 31, 1992 amounted to $17.3 million, or 1.34% of average loans, compared with net charge-offs of $32.2 million or 2.43% of average loans for the first quarter of 1991. For the second, third and fourth quarter of 1991 net charge-offs amounted to $25.2 million, $40.1 million and $20.9 million, respectively. The composition of net charge-offs was as follows:

	Quarter Ended		
	March 31, 1992	March 31, 1991	December 31, 1991
	(in millions)		
Consumer	$ 12.7	$ 23.6	$ 12.8
Commercial	4.7	6.9	6.1
Construction	-	1.1	
Lease Financing	(0.1)	0.6	2.0
	$ 17.3	$ 32.2	$ 20.9

Over the last two quarters we have seen a reduction in consumer delinquencies and, therefore, consumer loans charge-offs have declined significantly. This is a direct reflection of the steps taken during 1991 to improve the consumer credit underwriting and collection process. We expect the current level of consumer charge-offs to continue and probably decline further toward the end of the year. On the commercial side, charge-offs have remained at levels similar to those of 1991 with non-performing loans increasing slightly. Improvement is, to some extent, dependent on the local economic conditions, which so far, have not changed significantly.

As a result of the above, the allowance for loan losses as of March 31, 1992 increased to $100.9 million or 1.95% of total loans, compared with $77.5 million or 1.47% of total loans as of March 31, 1991, and $94.2 million or 1.81% as of December 31, 1991. Given the uncertainty in the current economy, the Corporation has taken the position to continue strengthening the reserve levels, leading to the $6.7 million increase in the allowance.

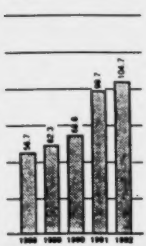
Credit Quality

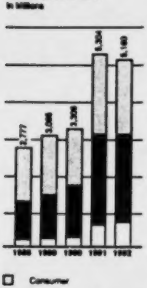
The Corporation's policy is to place commercial loans on non-accrual status if payments of principal or interest are delinquent 60 days. Lease financing, conventional mortgage and close-end consumer loans are placed on non-accrual status if payments are delinquent 90 days. Close-end consumer loans are charged-off against the allowance when delinquent 120 days. Open-end (revolving credit) consumer loans are charged-off if payments are delinquent 180 days. Further, certain loans, which would be treated as non-accrual loans pursuant to the foregoing policies are treated as accruing loans if they are considered well secured and in the process of collection.

Non-performing assets, which consist of non-accrual loans, renegotiated loans and other real estate, amounted to $142.3 million or 2.75% of total loans as of March 31, 1992, compared with $129.2 million or 2.44% of total loans as of the same date last year. Most of the increase was in the commercial and leasing portfolios which increased $13.8 million and $8.0 million, respectively, partially offset by a decrease of $11.0 million in the consumer portfolio. Non-performing assets for the second, third and fourth quarter of 1991 were $139.3 million, $163.4 million and $136.3 million, respectively, representing 2.62%, 3.07% and 2.62% of total loans.

Assuming standard industry practice of placing commercial loans on non-accrual status when payments are past due 90 days or more, and excluding past due consumer loans from non-accruing loans, non-performing assets as of March 31, 1992 amounted to $106.9 million or 2.06% of total loans. The allowance for loan losses as a percent of adjusted non-performing assets was 94.4% as of March 31, 1992. These ratios compare with 1.83% and 98.9%, respectively, as of December 31, 1991.

Accruing loans which are contractually past due 90 days or more as to principal or interest amounted to $29.4 million as of the end of this quarter as compared with $32.7 million as of the end of the previous quarter. Renegotiated loans at March 31, 1992 amounted to $2.9 million, of which





$2.4 million are in non-accrual status. All renegotiated loans are classified as non-performing assets.

Fees and Other Income

Fees and other income, excluding securities and trading gains, rose to $30.0 million for the quarter ended March 31, 1992 from $24.4 million for the same period in 1991, an increase of $5.6 million. Most of this increase was in service charges on deposit accounts which grew to $16.0 million for the three-month period ended March 31, 1992 from $12.0 million reported for the same period in 1991, an increase of $4.0 million or 33%. One of the major factors for this rise was the increase in service charges on returned checks effective in July 1991. Also, an increase in volume and the pricing revisions made to various liability products during the quarter led to increases in service charges in checking accounts.

Other service fees increased by $1.1 milion mostly in credit cards, mortgage servicing, and fiduciary activities, due to increases in volume. For the first quarter of 1992, these revenues also include $0.3 million in fees realized by Spring. Other operating income increased $0.6 million, basically due to increases in the revenues from operational leases and gains on the sales of daily rental units realized by the leasing subsidiaries.

During the first quarter of 1992 the Corporation realized gains on securities and trading transactions amounting to $0.3 million as compared with $0.4 million for the same period last year.

Operating Expenses

Operating expenses of the Corporation increased $1.9 million or 2.2%, amounting to $86.5 million for the first three months of 1992. Of this amount $1.3 million corresponds to the operating expenses of Spring, which did not become a subsidiary of the Corporation until September 30, 1991. Excluding Spring's expenses, the increase in operating expenses was only 0.6%.

Personnel costs for the three-month period ended March 31, 1992 amounted to $46.4 million, as compared with $45.8 million for the same period in 1991. This fluctuation resulted mainly from the inclusion of $0.7 million in personnel costs of Spring and the rise of $0.8 million in the profit sharing expense of the subsidiary Bank due to the improvement in its profitability ratios. Salary expense decreased $0.3 million, from $33.2 million to $32.9 million. Excluding Spring's salary expense, the reduction in salaries was $0.9 million or 2.7%.

All other operating expenses increased $1.2 million or 3.1% from $38.9 million for the first quarter of 1991 to $40.1 million for the same period in 1992. Spring's other operating expenses accounted for $0.6 million of this increase. Major fluctuations in other operating expenses were in sundry losses, which increased by $1.0 million, FDIC insurance cost, which increased $0.4 million due to the higher assessment rate effective in July 1991, and the amortization of intangibles that increased $0.5 million due to the intangibles recognized on Spring's acquisition and the additional intangibles recognized at year-end upon completion of the analysis of the fair value of the net assets acquired through the merger.

The increase of $2.1 million in the income tax expense relates to the higher operational income, the tax loss realized in the first quarter of 1991 on the sale of the LDC loans acquired through the merger, and the decrease of $14.9 million in net charge-offs during the first three months of 1992.

Balance Sheet Comments

Total assets as of March 31, 1992 reached $9,241 million, as compared with $8,971 million as of the same date last year. Average total assets amounted to $9,138 million for the quarter, or $238 million over the $8,900 million reported for the same quarter last year. Average earning assets increased $203 million to $8,397 million, from $8,194 million for the first quarter of 1991.

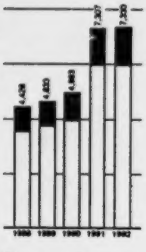
Average money market, investment and trading securities increased $347 million to $3,237 million for the quarter ended March 31, 1992, while average total loans decreased $144 million to $5,160 million. Most of the decrease in the loan portfolio was in consumer loans which declined 6.9% or $151 million, on average, mainly due to tighter credit standards, the low yield in new personal loans resulting from the interest rate formula applicable in Puerto Rico until the middle of this quarter and a lower demand, partially offset by the

increase of $65 million in consumer loans through the acquisition of Spring. The average commercial loan portfolio also decreased $65 million, as compared with the first quarter of 1991, due to the transfer of $22 million through the sale of three branches in July 1991 to comply with the requirements of the Federal Reserve Board for the approval of the merger, and the sale of $69 million in leases by one of the leasing subsidiaries through a Grantor's Trust during the last quarter of 1991. Partially offsetting these decreases were increases in the average construction and mortgage portfolios of $17 million and $55 million, respectively.

- Average interest bearing deposits for the quarter remained steady at $5,914 million, compared with $5,926 million for the same quarter last year. However, there was a change in the mix of deposits with savings and NOW accounts increasing $408 million and certificates of deposit decreasing $420 million. Average non-interest bearing deposits increased $35 million to $1,416 million for the quarter ended March 31, 1992. Other interest bearing liabilities for the quarter, on average, were $169 million higher than last year, reaching $1,052 million. The latter increased mostly due to the issuance of $95 million in medium-term notes to finance the acquisition and operations of Spring.

Stockholders' equity at March 31, 1992 amounted to $648 million, compared with $501 million as of March 31, 1991. Most of the increase was obtained through earnings retention. Book value per share increased to $21.46 as of March 31, 1992, compared with $20.05 as of the same date last year. The dividend payout ratio for the quarter was 30.06%. The Corporation's Tier I, total capital and leverage ratios at March 31, 1992 were 11.44%, 13.80% and 6.75%, respectively. These ratios have been calculated giving effect to the full implementation of the 1992 guidelines and are well in excess of the regulatory minimums of 4%, 8% and 3%, respectively.

Average Deposits
Quarters Ended March 31
In Millions



Consolidated Statements of Condition

(In thousands)	March 31, 1992	1991
ASSETS		
Cash and due from banks	$ 305,013	$ 178,124
Money market investments:		
Federal funds sold and securities and mortgages purchased under agreements to resell	84,713	60,603
Time deposits with other banks	330,100	775,208
Bankers' acceptances	1,763	2,101
	416,576	837,912
Investment securities (Notes 2 and 3):		
U.S. Treasury securities	2,177,744	1,404,335
Obligations of other U.S. Government agencies and corporations	214,639	335,799
Obligations of P.R., States and political subdivisions	218,978	216,946
Other	275,724	238,335
	2,887,083	2,195,415
Trading account securities, at market	5,389	6,434
Loans (Note 3)	5,548,083	5,693,232
Less—Unearned income	368,481	408,168
Allowance for loan losses	100,897	77,530
	5,078,705	5,207,534
Premises and equipment	254,596	251,325
Other real estate	8,321	6,668
Customers' liabilities on acceptances	1,008	1,454
Accrued income receivable	85,787	78,873
Other assets	86,042	77,970
Intangible assets	134,806	129,767
	$ 9,241,304	$ 8,971,476
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing	$ 1,396,445	$ 1,254,060
Interest bearing	5,811,089	5,852,222
	7,207,534	7,106,282
Federal funds purchased and securities sold under agreements to repurchase (Note 3)	920,272	782,805
Other short-term borrowings	152,588	215,567
Notes payable	73,780	6,938
Senior debentures	30,000	30,000
Acceptances outstanding	1,008	1,454
Other liabilities	104,857	122,397
	8,489,835	8,265,443
Subordinated notes (Note 5)	94,000	94,000
Preferred stock of subsidiary Bank (Note 6)	11,000	11,000
Stockholders' equity (Note 7):		
Common stock	180,791	179,659
Surplus	297,974	276,314
Retained earnings	124,295	104,860
Capital reserves	53,429	40,000
	646,469	601,033
	$ 9,241,304	$ 8,971,476

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

(Dollars in thousands, except per share information)	Quarter ended March 31, 1992	1991
INTEREST INCOME:		
Loans	$129,905	$148,906
Money market investments	6,583	16,587
Investment securities	45,169	38,442
Trading account securities	84	175
	181,575	204,210
INTEREST EXPENSE:		
Deposits	64,976	89,046
Short-term borrowings	8,383	12,481
Long-term debt	3,516	2,982
	76,875	104,509
Net interest income	104,700	99,701
Provision for loan losses	24,020	19,783
Net interest income after provision for loan losses	80,680	79,918
Service charges on deposit accounts	15,899	12,021
Other service fees	9,873	8,755
Gain on sale of securities	210	246
Trading account profit	87	190
Other operating income	4,185	3,603
	111,024	104,733
OPERATING EXPENSES:		
Personnel costs:		
Salaries	32,925	33,234
Profit sharing	4,181	3,401
Pension and other benefits	9,319	9,134
	46,405	45,769
Net occupancy expense	5,804	5,718
Equipment expenses	5,539	5,743
Other taxes	3,327	3,842
Professional fees	4,772	4,771
Communications	4,193	4,132
Business promotion	2,058	2,259
Printing and supplies	1,775	1,594
Other operating expenses	9,149	7,709
Amortization of intangibles	3,531	3,036
	86,521	84,663
Income before tax and dividends on preferred stock of subsidiary Bank	24,503	20,070
Income tax (Note 8)	4,286	2,169
Income before dividends on preferred stock of subsidiary Bank	20,217	17,901
Dividends on preferred stock of subsidiary Bank	193	226
NET INCOME	$ 20,024	$ 17,675
Earnings per share (Note 9)	$0.96	$0.59

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

(In thousands)	For the quarter ended March 31, 1992	1991
Cash flows from operating activities:		
Net income	$ 20,024	$ 17,675
Adjustments to reconcile net income to cash used in operating activities:		
Depreciation and amortization of premises and equipment	6,705	5,687
Provision for loan losses	24,020	19,783
Amortization of intangibles	3,531	3,036
Gain on sale of investment securities and other	(210)	(246)
Gain on sale of premises and equipment	(696)	(31)
Amortization of premiums and accretion of discounts on investments	133	(101)
Amortization of deferred loan fees and costs	257	981
Net increase in trading securities	(3,732)	(5,558)
Net increase in interest receivable	(8,740)	(19,768)
Net increase in other assets	(11,492)	(13,956)
Net (decrease) increase in interest payable	(5,407)	4,422
Net increase in income tax payable	3,731	1,432
Net decrease in other liabilities	(32,423)	(16,219)
Total adjustments	(22,313)	(21,358)
Net cash used in operating activities	(2,289)	(3,683)
Cash flows from investing activities:		
Net decrease in money market investments	84,758	97,432
Maturities of investment securities	1,180,788	834,591
Sales of investment securities	5,144	288,317
Purchases of investment securities	(1,898,938)	(1,400,833)
Net (disbursements) receipts on loans	(3,379)	49,104
Acquisition of premises and equipment	(14,385)	(25,307)
Proceeds from sale of premises and equipment	6,824	10,341
Net cash used in investing activities	(479,190)	(146,355)
Cash flows from financing activities:		
Net increase (decrease) in deposits	417	(316,429)
Net increase in federal funds purchased and securities sold under agreements to repurchase	471,158	388,658
Net increase in short-term borrowings	8,862	34,250
Proceeds from issuance of notes payable	27	
Payments of notes payable		(1,080)
Dividends paid	(6,019)	(4,026)
Proceeds from issuance of common stock	653	469
Disbursement for cash portion of merger		(121,299)
Net cash provided by (used in) financing activities	475,098	(19,457)
Net decrease in cash and due from banks	(6,371)	(169,495)
Cash and due from banks at beginning of period	311,384	347,619
Cash and due from banks at end of period	$ 305,013	$ 178,124

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

(Dollars in thousands, except per share information)

Note 1 - Consolidation

The consolidated financial statements of BanPonce Corporation include the balance sheet of the Corporation and its wholly-owned subsidiaries, Velco, Metropolitana de Préstamos, Inc., Puerto Rico Parking Corp., BanPonce Financial Corp. and its wholly-owned subsidiary Spring Financial Services,Inc. and Banco Popular de Puerto Rico and its wholly-owned subsidiaries, Popular Leasing and Rental, Inc. and Popular Consumer Services, Inc., as of March 31, 1992, and their related statements of income and cash flows for the quarter then ended, together with the comparative figures for 1991. These statements are, in the opinion of management, a fair statement of the results of the periods presented. These results are unaudited, but include all necessary adjustments for a fair presentation of such results.

Note 2 - Investment Securities

The maturities and market value for the following investment securities as of March 31, 1992 are:

	Book Value	Market Value
U.S. Treasury (average maturity of 1 year 9.3 months)	$2,177,744	$2,202,840
Obligations of other U.S. Government agencies and corporations (average maturity of 7.0 months)	214,639	218,345
Obligations of Puerto Rico, States and political subdivisions (average maturity of 5 years 5.8 months)	218,976	223,996
Others (average maturity of 19 years 6.4 months)	275,724	279,746
	$2,887,083	$2,924,927

Note 3 - Pledged Assets

Securities and insured mortgage loans of the Corporation of $1,723,761 (1991 - $1,383,946) are pledged to secure public and trust deposits and securities and mortgages sold under repurchase agreements.

Note 4 - Commitments

In the normal course of business there are letters of credit outstanding and stand-by letters of credit which at March 31, 1992 amounted to $19,409 and $62,158, respectively. There are also outstanding other commitments and contingent liabilities, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. No losses are anticipated as a result of these transactions.

Note 5 - Subordinated Notes

Subordinated notes consist of the following:

10.00% Fixed Rate Notes, due in 1993	$20,000
7.95% Fixed Rate Notes, due in 1994	12,000
8.50% Fixed Rate Notes, due in 1996	12,000
8.875% Fixed Rate Notes series A, due in 1996	15,000
8.6875% Fixed Rate Notes series B, due in 1996	15,000
Floating Rate Notes series A with interest payable at 88% of LIBID rate, due in 1996	19,000
Floating Rate Notes series B with interest payable at 86% of LIBID rate, due in 1996	1,000
	$94,000

Note 6 - Preferred Stock of Subsidiary Bank

As of March 31, 1992, the subsidiary Bank has 200,000 shares of authorized preferred stock with a par value of $100, of which 110,000 are issued and outstanding.

Note 7 - Stockholders' Equity

Authorized common stock is 80,000,000 shares with a par value of $6 per share of which 30,130,144 are issued and outstanding at March 31, 1992.

Note 8 - Income Tax

The income tax expense includes a tax provision of $46 and $54 in 1992 and 1991, respectively, related with the gains on sale of securities.

Note 9 - Earnings per Share Basis

Earnings per share are based on 30,130,144 average shares outstanding during 1992 and 29,976,472 during 1991.

Note 10 - Supplemental Disclosure on the Consolidated Statements of Cash Flows

During the quarter ended March 31, 1992 and 1991 the Corporation paid interest amounting to $82,624 and $98,958, respectively. In addition, the loans receivable transferred to other real estate and other property as of March 31, 1992, amounted to $250 and $1,505, respectively (1991 - $260 and $3,140).

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Board of Directors

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Alfonso F. Ballester, Vice-Chairman
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Antonio Luis Ferré, Vice-Chairman
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Noel Tolls, Jr.
Emilio José Venegas **
Julio E. Vizcarrondo, Jr.

Samuel T. Céspedes, Secretary

* Director of Banco Popular de Puerto Rico only.
** Director of BanPonce Corporation only

Executive Officers

Alberto M. Paracchini, Chairman of the Board of BanPonce Corporation and Banco Popular de Puerto Rico
Richard L. Carrión, President of BanPonce Corporation and President and Chief Executive Officer of Banco Popular de Puerto Rico
Jorge A. Junquera Diez, Executive Vice President

María Isabel Burckhart, Executive Vice President
David H. Chafey, Jr., Executive Vice President
Larry Kesler, Executive Vice President
Humberto Martín, Executive Vice President
Emilio E. Piñero, Executive Vice President